

Cabinet of Economic Advisors Scope of Work

Background

The Board of County Commissioners (BOCC) has empanelled a Cabinet of Economic Advisors (CEA) to develop strategies to grow revenues in the county's three largest general fund revenue sources: sales tax, property tax, and interest earnings. Additionally, the CEA will identify and assess new and/underdeveloped revenue options. The goal of this effort is to bring structural balance to the general fund budget without raising tax rates or imposing additional program reductions.

Members of the Cabinet of Economic Advisors include:

- **Janet B. Reid, Ph.D**, Principal Partner, Global Lead Management
- **Ellen G. van der Horst**, President and CEO, Cincinnati USA Regional Chamber
- **Richard E. Richardson**, President, Laborers' Local 269
- **Pete Blackshaw**, Executive Vice President, Strategic Services, Nielsen Online
- **Margaret H. (Peg) Wyant**, Managing Director, Isabella Capital
- **Jeanne M. Golliher**, Director, Cincinnati Development Fund
- **Steve Johns**, Director, Citizens for Civic Renewal
- **Morris Williams**, The Williams Group Consultants
- **Reverend Jim Vickers**, Executive Director, Valley Learning Center
- **Rob Portman**

The CEA is chaired by Todd Portune, President, of the BOCC. Staff support to the CEA is provided by the county's Office of Budget and Strategic Initiatives (BSI).

The county general fund budget expenditure growth has been 2.8% annually for the past several years. While this growth rate has been less than the rate of inflation, revenue growth for the same period has averaged 1.0%. This structural imbalance cannot be sustained.

Framework

Ohio counties are an extension of state government. With no home rule powers, the level and method of taxation is determined by the Ohio Revised Code (ORC) for sales tax and property taxes. The ORC also determines the investment policy for pooled

investments at the county level. This dynamic results in the CEA being tasked with developing non-tax strategies to grow revenues.

Requested Services

The county is seeking strategy development and facilitation services to assist the citizen volunteers staffing the CEA. The general scope of the strategies will include, but is not limited to:

- Weighing the relative merit of sales tax versus property taxes from a social, economic, and tax administration perspective;
- Determining the interaction of economic development and tax revenue generation.
- Assessing the correlation, if any, of population loss and tax rates and revenue growth.
- Examining the long-term prospects of economic growth in the region and state.
- Reviewing the relative tax burdens of the Ohio urban counties and other mid-west cities.

The initial efforts of the selected professional services firm will be to help the CEA focus their efforts and solidify a common vision and approach of inquiry. The county is seeking a professional service firm with solid local government strategy experience to serve not only as a facilitator to the CEA but a provocateur and coach to the CEA.

Work Products

At a minimum, there documents are envisioned at this time:

1. A CEA approach document to guide the efforts for BSI and consulting staff.
2. The main deliverable will include analysis and recommendations for growing tax revenues in the three aforementioned categories and any new or underdeveloped revenue sources with specific sections for:
 - A sales tax primer and analysis
 - A property tax primer and analysis
 - A investment earnings primer and analysis
 - Alternative revenue sources
 - Implementation considerations and actions
3. A conceptual framework for revenue generation for the CEA and county to use. This would be a fundamental revenue policy document to focus efforts in developing approaches to grow revenues in the future.

Schedule

It is anticipated that the analysis and strategy development will occur through the remainder of 2008 with recommendations and community briefings in early 2009. This schedule corresponds to the required 2010 Tax Budget submission to the County Auditor in June 2009. The CEA meets monthly.

Resources

In addition to the staff of BSI, the following sources will be useful:

- a. The Ohio Revised Code
- b. Hamilton County BOCC voted property tax levy policy
- c. Tax Market Basket analysis prepared by BSI
- d. Economic analyses available from the state, regional banks (commercial and Federal)
- e. Federal reports in the condition of state and local government budgets
- f. Professional organizations to include:
 - International City / County Management Association
 - National Association of Counties
 - Government Finance Officers Association
 - National Association of State Budget Officials

Contact

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